

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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IN RE: WASHINGTON TROTTING ASSOCIATION, LLC -
PETITION TO MODIFY GAMING FLOOR PLAN AT HOLLYWOOD
CASINO AT THE MEADOWS

OHA# 10002-2021

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HEARING

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BEFORE: MEMBERS OF THE BOARD:

DENISE J. SMYLER, CHAIR

Frank Dermody

Sean Logan

Sara Manzano-Diaz

T. Mark Mustio

Nedia Ralston

Frances J. Regan

Reporter: Hannah Bartkowski

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EX-OFFICIO MEMBERS/DESIGNEES IN ATTENDANCE:

Jorge Augusto, Ex-Officio Member,
Department of Agriculture
Christin Heidingsfelder,
Ex-Officio Member, Department of Revenue
Jennifer Langan, Ex-Officio Member,
Department of Treasury

MEETING: Wednesday, November 10, 2021

LOCATION: Pennsylvania Gaming Control Board
Office of Hearings and Appeals
Strawberry Square
2nd Floor
Harrisburg, PA 17101

SPEAKERS: Attorney Fabius, Ben Kowalski, Tony
Frabbiele

A P P E A R A N C E S

CYRUS PITRE, ESQUIRE

Chief Enforcement Counsel

SARAH KOLESAR, ESQUIRE

Assistant Enforcement Counsel

MICHAEL D. FABIOUS, ESQUIRE

Ballard Spahr, LLP

1735 Market Street

51st Floor

Philadelphia, PA 19103

Counsel for Petitioners

ALSO PRESENT:

ERIN CHAMBERLIN, Senior VP Of Regional Operations

TONY FRABBIELE, VP and General Manager Meadows

BEN KOWALSKI, Vice President of Casino Operations

I N D E X

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NONE OFFERED

P R O C E E D I N G S

CHAIR: Our last Public Hearing scheduled before the Board today pertains to Washington Trotting Association, LLC's Petition to Modify the Gaming Floor at the Hollywood Casino at the Meadows.

If any witnesses in this proceeding have previously identified and been sworn, again, I just remind them that they are still under oath. And all new fact witnesses that are nonattorneys, I would ask that you stand and be sworn in at this time.

WITNESSES SWORN EN MASSE

CHAIR: As a reminder, everyone who is going to speak, please state and spell your name for the Court Reporter prior to your presentation.

You may begin, Petitioners.

ATTORNEY FABIUS: Good morning, Madam Chair and Commissioners. Thank you for having us this morning. I - I would at the start like one housekeeping item for both the previous Petition and this Petition, if I could, move the handouts that

1 Mr. King referenced in his statement that was handed
2 out into the record in both the prior Petition and
3 this Petition.

4 CHAIR: Any -?

5 ATTORNEY PITRE: No objection.

6 ATTORNEY FABIOUS: Thank you.

7 With that, we won't repeat ourselves
8 on the skill gaming Petition, but I will - I will
9 introduce our new team that's up at the - at the
10 table. Erin Chamberlin you know in the middle.
11 Tony Frabbiele, the Vice President and General
12 Manager at Meadows. At the other side of Erin is
13 Ben Kowalski, who is Vice President of Casino
14 Operations.

15 I'll refrain from repeating myself,
16 but I am grateful for the work that FIU put in for
17 this Petition and the last Petition. And we reached
18 the same conclusions with respect to supply and
19 demand of slot machines and the lack of any negative
20 impact anticipated from the reduction of slot
21 machines.

22 So with that, I'll turn it over to
23 Tony and Ben.

24 MR. KOWALSKI: Thanks, I'll kick it
25 off. Ben Kowalski, K-O-W-A-L-S-K-I. Thank you,

1 guys, for taking the time. And in respect for your
2 time, this slide deck may seem very similar to the
3 one you just looked at, so I can - won't go too
4 deep.

5 We outlined the gross terminal
6 revenue from 2007 through 2020, very similar story
7 to what you just heard. A decline steady as new
8 opportunities and competitors joined the market, and
9 then with the COVID impact and the launch of
10 i-gaming, you can see the dip at the end there.

11 We're looking to reduce 317 games
12 from our current floor. And what we see in the
13 graph is the occupancy has remained pretty
14 consistent at pre and post-COVID levels. And the
15 impact on - to the table to the right, from the four
16 months when we were offering nearly 1,700 machines
17 to over - nearly - excuse me, 2,300 machines, the
18 GTR impact remained pretty flat.

19 We are making investments into the
20 property to - and are dedicated to the property, but
21 what we see as an industry is that the idea of
22 having a lot of machines, as opposed to having
23 better-quality machines with more space, smaller
24 banks and increasing guest comfort is a - is a
25 better business strategy in this day and age. So

1 that's what we are looking to implement in our
2 property.

3 And just about the reduction we're
4 seeking, in post-COVID our peak occupancy an hour is
5 54.6, which will - even at the reduced number to
6 2006 still gives us several hundred games available
7 to our guests. So we don't believe there will be a
8 supply issue at all.

9 And with that, I will turn it back to
10 General Manager, Tony Frabbiele. Oh, I forgot the
11 floor plan slides. Can I start over? So that's our
12 floor. This is what it currently looks like. The
13 blue is nonsmoking and the orange is smoking. We
14 look to remain consistent. I think the smoking will
15 go down one percentage point and the number of
16 machines in smoking will remain flat.

17 And now with that, I'll turn it to
18 Tony Frabbiele.

19 MR. FRABBIELE: Thank you, Ben. Tony
20 Frabbiele, F-R-A-B-B-I-E-L-E. And I'd like to
21 first, you know, thank Madam Chair and the Board for
22 - for spending some time again. It's been almost, I
23 think, over two years since I've been here, so it's
24 great to be here in person again.

25 We reached out to the MSOA, who have

1 been phenomenal partners for us over at Hollywood
2 Casino now at the Meadows, and Kim Hankins, the
3 Executive Director about our Petition today and
4 received no objections and full support from the
5 MSOA with our proposed plan.

6 Turning to Reinvestment and
7 Innovation. It's really been a phenomenal story for
8 us over the past two years. We've injected over \$25
9 million in CapEx back into the facility, starting
10 with the Eatery by Fabio Viviani, H Lounge, and the
11 last time I was here, which was our floor
12 reconfiguration, reimagining the property; opening
13 up sight lines and making it easier to access the
14 amenities that we had at the property.

15 So we've been working on this project
16 really for - for quite some time. And this year,
17 just this past October, we decided to go ahead and
18 change over to Hollywood Casino at the Meadows. So
19 I know a lot of people still call us the Meadows,
20 but we are now Hollywood Casino at the Meadows.

21 And if you look at the map, it really
22 portrays why we believe that's a great move for our
23 property and for our company.

24 As you've heard the Petitions earlier
25 with Morgantown coming on board in December; we have

1 York; we have PNC. We will now have four
2 properties flagged in the State of Pennsylvania with
3 the Hollywood Casino brand. And we believe that
4 really unlocks the power of our mychoice Program and
5 is able to speak to our customers in a different way
6 that our competitors can't do, which gives us an
7 advantage.

8 So - so that's really why we decided
9 to do this, along with our Omnichannel experiences
10 with HollywoodCasino.com and the Barstool Sportsbook
11 really ties everything together.

12 Going into reinvestment innovation, I
13 won't spend a lot of time here. I think Dan did a
14 great job covering cashless gaming for us, but it's
15 been a - it's been a good story. We have over a
16 thousand customers that have adopted the technology
17 today, and we think that's going to continue to grow
18 as we move into 2022, and something as well that
19 will differentiate us from our competitors.

20 And moving into some of the reasons
21 why we're here for this Petition, and what we're
22 going to be doing with the existing Sportsbook
23 space, in what used to be referred to as a carvery,
24 which was a pseudo buffet-type experience. We're
25 really creating what we're calling a campus-like

1 gaming experience. It's going to have sports
2 wagering, food, entertainment, as well as gaming
3 that we plan on integrating all into this new
4 experience, which we believe will differentiate what
5 we do from some of our competitors around us.

6 It's going to have the most
7 state-of-the-art gaming equipment when it comes to
8 sports wagering and - and I think it's going to be
9 something that really helps us attract that younger
10 demographic that we're looking to grow into our
11 property.

12 And with that, I will turn it over to
13 all of you for questions.

14 CHAIR: Enforcement Counsel, do you
15 have any questions?

16 ATTORNEY KOLESAR: Yes. I just a
17 have a few questions.

18 In the last matter of the agenda you
19 discussed your opinion on the proliferation of
20 unregulated skill slot machines.

21 Just specifically as it relates to
22 this Petition, is this one of the causes you're
23 seeking a slot reduction at the Meadows?

24 MR. FRABBIELE: I would say so, yes.
25 I think that we've seen that the proliferation of

1 gaming and the additional devices out there
2 certainly are cannibalizing the market.

3 ATTORNEY KOLESAR: Okay.

4 Thank you. Will there be any impact
5 on the number of employees at the Meadows as a
6 result of the reduction?

7 MR. FRABBIELE: There will not. We
8 currently have 80 open positions and we're - we're
9 continuing to hire.

10 ATTORNEY KOLESAR: I also apologize,
11 I didn't introduce myself. It's Sarah Kolesar,
12 K-O-L-E-S-A-R, Assistant Enforcement Counsel for the
13 Office of Enforcement Counsel.

14 Okay.

15 Will there be a reduction of work
16 hours for the employees as a result of the
17 reduction?

18 MR. FRABBIELE: No reduction.

19 ATTORNEY KOLESAR: And will any of
20 the Meadows' employees go from full time to part
21 time as a result of the reduction?

22 MR. FRABBIELE: They will not.

23 ATTORNEY KOLESAR: Okay.

24 And does the Meadows have plans to
25 increase its table games as a result of the

1 reduction?

2 MR. FRABBIELE: We do not.

3 ATTORNEY KOLESAR: Okay.

4 In your slideshow it does reference
5 the differences of the smoking areas in the - on the
6 Gaming Floor as a result of this reduction. Are
7 there any plans to reduce or increase the smoking
8 areas on the Non-Gaming Floor as a result of this
9 Petition?

10 MR. FRABBIELE: Not at this time.

11 ATTORNEY KOLESAR: Okay.

12 And does this reduction have any
13 impact on the Gaming Floor that is dedicated to the
14 Sportsbook area?

15 MR. FRABBIELE: I'm sorry?

16 ATTORNEY KOLESAR: The Sportsbook
17 area?

18 MR. KOWALSKI: I can take it. Do you
19 want me to take it?

20 MR. FRABBIELE: Yeah.

21 MR. KOWALSKI: I think it's - the
22 final OP move isn't submitted yet, but we expect it
23 to remain the same, in the same area.

24 ATTORNEY KOLESAR: Okay.

25 MR. KOWALSKI: As it currently sits,

1 not the temp that we're operating under as of last
2 week.

3 ATTORNEY KOLESAR: Okay.

4 Thank you. And if approved, what is
5 the anticipated time frame for completion?

6 MR. FRABBIELE: So we would begin -
7 as soon as we receive approval, we would begin the -
8 the work on the floor reconfiguration. And we
9 anticipate the Sportsbook conclusion to be similar
10 to PNRC's time frame, which is late Q1, early Q2 of
11 2022.

12 ATTORNEY KOLESAR: We have no further
13 questions.

14 CHAIR: Thank you. Any questions or
15 comments from the Board?

16 MR. LOGAN: I do, Madam Chair.

17 CHAIR: Commissioner Logan.

18 MR. LOGAN: You brought up the name
19 change, I've heard from a few locals. What was the
20 rationale to remove the word Racetrack from it?

21 MR. FRABBIELE: Well, we kept the
22 name Meadows because of the racetrack and the
23 significance that the racetrack has in the community
24 and what it brings to us. So - so when we honestly
25 removed Racetrack Casino Hotel below, it's really a

1 size issue when you go out and you put it into
2 print, trying to keep it consolidated.

3 MR. LOGAN: Okay.

4 Thanks.

5 CHAIR: Any other questions or
6 comments from the Board?

7 I have the same question I had the
8 last time about the criteria used to remove the 317
9 machines.

10 MR. KOWALSKI: I'll take it. That
11 was performance primarily, in addition to the 206 of
12 our games that were revoked through the OAC, the
13 Mark Six's, which were all also -.

14 CHAIR: The Aristocrat games?

15 MR. KOWALSKI: Yeah. the Aristocrat
16 games. 206 of the 317 machines coming off are - are
17 those games.

18 CHAIR: Any other questions or
19 comments? If not, Enforcement Counsel, do you have
20 a presentation?

21 ATTORNEY KOLESAR: We have no
22 presentation. We just ask that should Washington
23 Trotting Association's Petition be approved, it made
24 be - it be made subject to the conditions outlined
25 in our Answer.

1 CHAIR: Okay.

2 Petitioners have any response?

3 ATTORNEY FABIOUS: No. No objection
4 to those conditions, and all we would ask at this
5 time is to move our PowerPoint into the record and
6 as well as the Statement and exhibits from the
7 earlier Petition.

8 ATTORNEY PITRE: No objection.

9 CHAIR: Any objection?

10 ATTORNEY KOLESAR: No objection.

11 CHAIR: Thank you.

12 ATTORNEY FABIOUS: Thank you.

13 CHAIR: That concludes this
14 proceeding.

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16 HEARING CONCLUDED

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1 CERTIFICATE

2 I hereby certify that the foregoing proceedings,
3 hearing was held before Chairman Smyler, was reported
4 by me on November 10, 2021 and that I, Hannah
5 Bartkowski, read this transcript, and that I attest
6 that this transcript is a true and accurate record of
7 the proceeding.

8
9 Date the 27 day of January, 2022

10 
11

12 Hannah Bartkowski,

13 Court Reporter
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